GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:928
ANSWERED ON:19.07.2002
SOCIAL SECURITY SCHEME FOR UNORGANISED
SULTAN SALAHUDDIN OWAISI

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to introduce new social security scheme for unorganised sect

(b) if so. whether IRDA has preparE print to provide social security through new pension scheme forthe 28 crore work force in the country

(c) if so. the details thereof.

(d) whether this scheme is based on the recommendations made by Arthur Adersen;

(e) if so, the time by which this scheme is likely be started;

(f) the names of financial institutions likely to be olved in the implementation of this scheme;

(g) whether any discussion was held with some foreign countries in regard to their pension fund for plementation of this scheme; and

(h) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF INANCE AND COMPANY AFFAIRS (SHRI ANANT ANGARAM GEETE):

(a) to (c) Government has asked he IRDA to prepare a report on Pension Reforms in the IUnorganised Sector, Salient features of this scheme recommended in the report of IRDA are given in the enclosed statement.

(d) No, Sir. The IRDA has informed that the Report is based on the discussion held amongstthe members of a group of persons of whom the Managing Partner of Mis Arthur Andersen was a member.

(e) present. No specific time frame can be mentioned at present.

(f) The IRDA has informed that the name of the financial institutions likely to be involved will be known only after the scheme is formulated and announced.

(g) and (h) The IRDA has informed that no discussions were held by them with foreigncountries in this regard but the experience gained by some of the pension fund providers in other countries was available to the Authority.

Statement

The Salient Features of the Pension Scheme recommended by the IRDA
1. The system is envisaged as a purely voluntary one with both the participation and the contributions being voluntary.
2. The system is primarily aimed at the unorganised sector that is not covered by any currently available pension scheme.
3. The system ensures an organisation which will interface with the contributors and the regulator.
4. The system shall have an emphasis on low and clear charges to enable customers to compare easily the different plans.
5. The emphasis on competition through a system of multiple providers shall ensure that these strive consistently to outperform each other on costs, fund management, and customer service.
6. The system would regulate providers and products as well as the selling process thereof, thus reducing cost and complexity while maintaining the security of the peoples` funds.
7. The system should also plan for a compulsory annuitisation of a certain threshold level; withdrawals or commutations of the accumulated corpus for certain specified reasons would be permitted beyond this amount.